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NPTA

MANAGEMENT NEWS

July **Highlights** 1983

We're New and Improved!

National Paper Trade Association proudly brings you *NPTA Management News*. The Association has continuously published a newsletter since 1959 under the name *Current*. The four page monthly became six pages in July, 1979 when it was redesigned. In May, 1982, *Current* was expanded to eight pages per month. Now, with the inclusion of the "Paper Merchant Sales Report," as well as other additions, the new *NPTA Management News* is sixteen pages—growing to serve the needs of the paper distribution industry.

As *NPTA Management News* is launched, your comments, ideas and concerns are welcomed. The only way to truly serve the industry is to gain the necessary input. Please send your thoughts to the editor, they will be much appreciated.

Preliminary PAR Results

Analysis of paper merchant operations showed that 1982 was a bad year. Industrial paper distributors were the hardest hit. Sales volume did not keep pace with inflation. (P. 6)

PSS II Survey Reveals Success Of Program

Investment in training at Unijax pays off for the company. Line managers "line-up" to get their employees into the program. (P. 10)

The Worst Law Ever Passed

Few understand the Multiemployer Pension Plan, how it works, or how it could possibly sink a healthy company. Forces are massing to take this one off the books. Congress is beginning to get an earful from wholesalers. (P. 15)

Three Firms Join NPTA

Greetings to the Bunzl Corporation of Short Hills, NJ, the Leslie Paper Company of Minneapolis, MN, and the Horn Corporation of Ayer, MA. Welcome to the NPTA!*(P. 2)

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Route To:

PAPER TRADE ACTIVITIES

Three Distribution Companies Receive Membership In NPTA

Bunzl Corporation, Short Hills Plaza, 636 Morris Turnpike, Short Hills, NJ 07078; 201-467-4133.

The Bunzl Corporation was established in 1957 and is an industrial paper distributor. They are well-known by their subsidiaries: Jersey Paper Company, E. Greene and Company, Alliance Paper and Packaging, Palm Beach Paper, Capital Consolidated, among others. The company has 775 employees, and its president is Brian P. Ford.

The Horn Corporation, Westford Road, P.O. Box 190, Ayer, MA 01432; 617-772-0290.

The Horn Corporation was established in 1956 and is an industrial paper distributor. They employ 27 people and operate a 30,000 sq. ft. warehouse. G. Arthur Horn is the President and Treasurer of the Company, and Robert H. Lang, Jr. is the Executive Vice President.

Leslie Paper Company, P.O. Box 1351, Minneapolis, MN 55440; 612-540-0700.

Leslie Paper, established in 1900, is a printing paper distributor employing 191 people to serve the upper midwest through fifteen locations. The company also has offices in Dallas, TX and Washington, DC. James H. Leslie is the CEO and Darel B. Anderson is the President of the company.

NPTA welcomes these fine companies into its membership, and all member firms wish them well in the coming year.

MRA Re-elects Miller

Manufacturers Representatives of America (MRA) elected George A. Miller of Fullerton, CA to a second term as president of the organization. Mr. Miller is President of Miller/Doane Sales.

Lily Sells Plant

Lily-Tulip, Inc. has announced the sale of its Holmdel, New Jersey plant. The purchase was finalized May 27, 1983. The Lily Plant started operation in 1963 and manufactured a wide variety of paper and plastic disposable products until management began its phasedown in 1982.

O-K Paper Center Opened

Olmsted-Kirk Paper Company of Houston, Texas has opened an "O-K Paper Center" at 112 North Riverside Drive in the northeast section of Fort Worth. The Center will stock cut size paper and printing supplies in an effort to serve the rapidly growing duplicating market, and small to medium printers in the Fort Worth and Mid-Cities area.

JB Papers Relocates New York Operation

JB Papers of Union, NJ, has relocated its New York City operation to larger facilities at 150 5th Avenue, Suite 717, New York, NY 10011; 212-929-7810. The relocation was accomplished to accommodate a growing sales force and full service sample department to better serve the graphic arts community.

Gould Moves To Larger Headquarters

The Gould Paper Corporation has announced the move to its corporate headquarters to 315 Park Avenue South, New York, NY; 212-505-1000. The offices encompass 30,000 square feet—a 50% increase in size. The office space issue became critical when Gould acquired Majestic Paper Corp. in February, 1982. At that time, this new expansion was planned, as well as the addition of a second warehouse facility in Maspeth, New York.

Scott O. Petrequin

SAPI Elects New Officers

The Sales Association of the Paper Industry (SAPI) elected new officers to serve for the 1983-84 term: President - Scott O. Petrequin, VP Marketing, Mohawk Paper Mills; First Vice President - Robert S. Stark, VP Coated Paper Sales, Bowater Sales Co.; Eastern Vice President - Ralph O'Connor, Blandin Paper, New York; New England Vice President - Curt Pfluger, Esleeck Manufacturing Co.; Western Vice President - Neil W. Falco, St. Regis, Chicago.

Saxon Completes Sale Of Specialty Business

Saxon Industries, Inc. announced it has completed the sale of its Advertising Specialties Group to investors led by Andlinger & Company, Inc. of Tarrytown, New York, which plans to continue to operate the business in St. Paul as Brown & Bigelow, Inc. Saxon's Advertising Specialties Group is composed of three units: Brown & Bigelow - a leading manufacturer of advertising calendars; Hoyle Products - the nation's

second largest manufacturer of playing cards; Champion Products - a prominent supplier of advertising calendars to jobbers and distributors.

The Andlinger & Company is a private investment banking and management company specializing in the acquisition of corporate divestitures. Saxon is operating under Chapter 11.

St. Regis Up-Dates Name

The St. Regis Paper Company shareholders recently voted to change the name of the company to the St. Regis Corporation. William R. Haselton, CEO of the company, said that the corporation "...has come a long way since it was incorporated in 1899, operating a single paper mill in upstate New York."

Expansion At Ludlow

The Ludlow Corporation has broken ground for its $3 million expansion program at its Ware, MA Specialty Papers Division. The current project is the third major expansion entered into by the company since it began manufacturing.

The new work will include the installation of a new coater, modernization of equipment, new R&D facilities, and changes in the layout of the operation.

Mudge Celebrates 150 Years

The Mudge Paper Company of Baltimore, MD is celebrating its 150th anniversary. It was founded in that city by Abner Mudge in 1837. Mudge began by selling shoes and paper.

The company is publishing three very attractive newsletters commemorating the event; each covering a 50 year period of its history. Each newsletter features one of their three locations.

Sorg Elects New President

The Sorg Paper Company has elected William R. Picard as President of the company. He succeeds DeWitte Yost who will continue with the company as Chairman and CEO.

Frank J. Viegas

Scott Names New Committee Chairman

The Scott Paper Company has named Frank J. Viegas as Chairman of their Merchant Advisory Committee for 1984. Currently serving as Chairman is Richard C. Gozon.

Mr. Viegas, President and CEO of the Dowd Company, Inc. in Woburn, MA, is Vice Chairman of NPTA and head of its Industrial Paper Division. Mr. Gozon is President of The Unisource Corporation headquartered in Wayne, PA. Mr. Gozon is a former member of NPTA's Board of Directors.

Reliable Paper Expands Operation

Philip K. Harvey, President of the Reliable Paper Company announced that ground has been broken for a new warehouse and office facility located at 1401 N. 113th Street, Milwaukee, WI. The 51,000 sq. ft. building will house 42,000 sq. ft. of warehouse space, with a 24 foot clear storage capability. The remaining space will be offices. This represents a 50% increase over its present facility. Funding for the $1.5 million project is being provided by Industrial Revenue Bonds. Occupany is expected in November, 1983.

Mr. Harvey has also announced completion of an expansion to the Appleton, WI office and warehouse that houses its wholly-owned subsidiary, Combined Packaging, Inc. Combined specializes in food packaging for the meat, cheese and dairy industries and recently entered the industrial packaging and equipment market by acquiring the Jeffrey Jordan Company, Inc. of Neenah, WI. MN

NPTA

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MERCHANT BRIEFINGS

PRINTING PAPER

What printers are doing about scrap is a new report from the National Association of Printers and Lithographers (NAPL). Waste paper, a normal by-product of printing activity, yields $30-60 per ton on an average; and as much as $140 per ton in certain parts of the country. NAPL reports that paper, though, is the least popular form of scrap for resale.

Their survey, conducted in conjuntion with the *American Printer*, generated 300 responses. Of these, over 70% said that they sell **some** of their scrap, while 25% said they just discard the material. Another 15% said that they had to pay for its removal.

Even though paper is the most plentiful kind of scrap in most printing companies, paper has the worst bulk-to-value ratio of any scrap material. It simply takes up too much space in already cramped storage rooms for small and medium sized printers to keep it lying around until they have enough to sell to a dealer. In addition, survey respondents report that most dealers will only accept paper that has been sorted according to coating, color or type and they cannot afford to devote their employee's time to this task.

One dealer explained that he handles over 200 grades of paper, all with different market values. As a result, he only buys scrap paper which is already sorted. However, he recognized the printer's problem, so he works with them to install waste sorting and retrieval systems and trains employees to operate the equipment. In return, the printer a longterm contract with him per pickup.

eight page report covers all f printer-generated scrap, and lable from NPTA for $10.00.

Financial study of printers. Printing Industries of America (PIA) has published the preliminary results of its financial ratio studies of member firms. These studies indicate a combined 33% drop in industry profits in the United States and Canada. Leading the losses was the Pacific Northwest with a drop of 46%, and New England and upstate New York with 40%. The single trend reversal was the West North Central (Wisconsin, Minnesota, Iowa, Nebraska, North and South Dakota) which showed a gain of 30%.

The 1983 study contains the data of the 1982 combined financial reports of 884 firms. The 33% drop in profits is not only the largest annual decrease in a decade, but also shows the lowest net profits before taxes on record at 3.15%.

Waste and spoilage in the printing industry is a new report published by the National Association of Printers and Lithographers (NAPL). Spoilage, the printer's number one enemy, each year costs many firms almost as much as they make in profit. Often, printers use the terms "waste" and "spoilage" interchangeably, but the two are distinctly different considerations. Waste, per se, is not a profit thief. It is a loss that is generally quantifiable, is measured in the process of establishing formal waste allowances, and is included in the cost estimate as part of the estimating function. The cost of waste includes additional materials, labor and operational expenditures in the production of a job.

Spoilage *is* a profit thief. It is a loss caused by an error of judgement and/or performance, that results in all or part of a job being unsaleable. The cost value of spoilage consists of all remedial expenditures for materials, labor and factory overhead that are necessary to correct the error and produce a saleable job. It is a cost the printer must absorb, not the customer.

Waste and Spoilage in the Printing Industry, Sheetfed Edition, seeks to remedy the spoilage problem. Published by NAPL, the 32-page softcover book is an outgrowth of NAPL studies that began with a 1974 pioneering effort to actually measure waste and spoilage. In the late 70s, about 100 printers participated in an Operation Zero Carelessness program and proved that losses from spoilage could, indeed, be curbed.

In 1981, NAPL conducted an on-site study of sheetfed waste and spoilage and in 1982 backed this up with a comprehensive telephone survey.

Based on observation in scores of plants and buttressed by statistics supplied by more than 1,000 printers, this publication is an authoritative document. Participating in the basic study were professors and students from Rochester Institute of Technology, New York Community College, West Virginia Institute of Technology, and California Polytechnic State University.

The book not only stresses the evils of spoilage, but offers specific steps to overcome it. How to measure spoilage, how to analyze spoilage reports (report forms are included), and how to overcome the human factor is set forth. Causes are discussed, and success stories are included in a chapter on how participants in Operation ZC (Zero Carelessness) reduced spoilage rates.

In the pressroom, rollers, blankets, ink and paper come under scrutiny regarding spoilage. In addition, pressroom waste allowances are discussed and NAPL's norms are given.

The final chapter reports on the 1981 Four-College On-Site Study on Waste/Spoilage. An appendix outlines the 1982 sheetfed press Waste/Spoilage data verification test that substantiates the earlier study.

There is something in this book for every printer and paper merchant. Copies are available from NPTA's Communications Department at $35.00 each. MN

INDUSTRIAL PAPER

Disposables on TV. Keyes Fibre Company of Stamford, CT plans to start advertising its chinet disposable dinnerware on TV, reports the Single Service Institute. The advertising campaign will position the formed wood pulp product against regular china. Keyes was all set to go in May, but its media buying service could not obtain desirable air time until Labor Day, thus missing the summer entirely.

Tamper-Resistant Tape. A new two-color, four-page folder from The Gummed Industries Association, Inc. (GIA) describes several different methods of carton sealing with tamper-resistant paper and reinforced gummed sealing tapes. The GIA is a national trade association whose member companies are gummed sealing tape and application system manufacturers and suppliers of raw materials. Water-activated gummed sealing tapes bond deeply into carton surfaces to develop a rooted cohesion. Unlike other carton closure methods, this union effectively deters tampering or pilferage because opening the carton causes obvious fiber tears. Attempts at re-sealing the carton will produce obvious bulges or overlappings which are readily discernible.

For a copy of the new folder, contact The Gummed Industries Association, 380 North Broadway, Jericho, New York 11753.

U.S. Market For Household Paper Products is the name of a new 132 page report from Business Trend Analysts, Inc. The report provides a good overview of the market for each commodity: towels, tissues, napkins, sanitary papers; and disposable plates, cups, food and beverage containers.

There is no section on "wholesale distribution" in the book. It is designed to review the entire market from the manufacturer's point of view. But there are specific segments of the report which are of interest to paper distributors beyond that of general knowledge, and these specific areas may be helpful. "Percentage of food service establishments with toilet tissue, paper towels, paper napkins, and disposable dinnerware" is four different tables. Each table breaks-down food service establishments into "public" and "institutions." Under these sub-divisions, paper distributors find interesting information, i.e., the percentage of hotels, motels and tourist courts using single-ply, multi-ply, and flat interfold toilet tissue. These percentages are also given for the variety of paper towels, paper napkins and disposable dinnerware. These tables are taken directly from the Department of Agriculture. MN

PERCENT OF FOOD SERVICE ESTABLISHMENTS WITH DISPOSABLE DINNERWARE

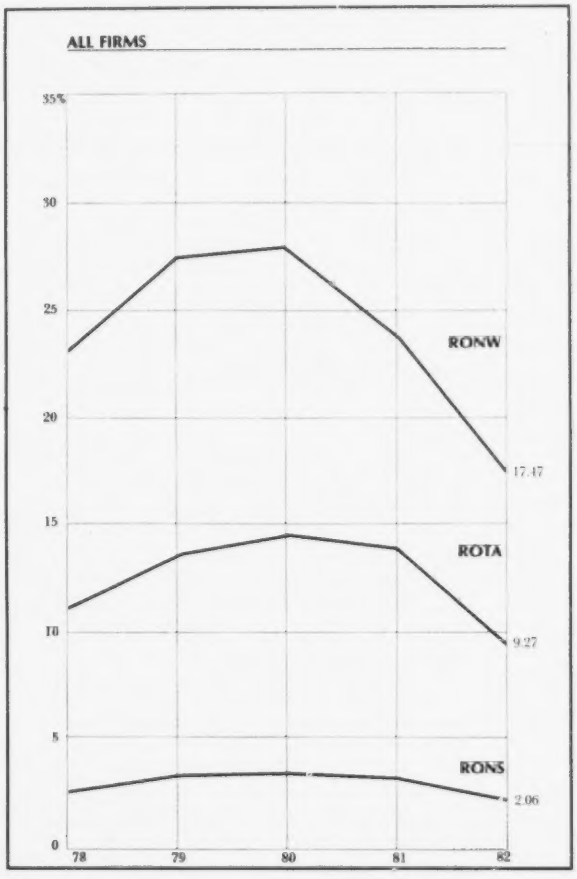
	Plates and Bowls	Manual Cold Drink Cup 6-14 oz.	Manual Cold Drink Cups 15 oz. or Larger	Vending Cold Drink Cups	Manual Hot Drink Cups	Vending Hot Drink Cups
Total, All Food Service Establishments	63.8%	78.2%	40.2%	2.2%	62.6%	1.9%
Total Public	62.1	78.0	42.7	2.0	63.8	1.7
Separate eating places	57.8	80.9	50.9	1.7	67.7	1.3
Separate drinking places	83.1	44.7	6.2	0.8	29.8	0.4
Retail stores	53.7	91.3	57.4	2.0	76.6	0.8
Hotels, motels, tourist courts	61.7	76.7	13.7	1.0	64.2	2.7
Civic, social or fraternal assoc.	77.0	62.1	3.7	6.6	48.2	3.1
Recreational or amusement places	72.7	87.2	36.1	0.8	65.8	3.7
Other public places	74.8	80.6	26.4	11.9	62.3	8.9
Total Institutional	79.0	80.5	17.8	3.8	51.2	3.4
Private hospitals	87.3	97.9	21.5	3.5	50.4	5.3
Public hospitals	95.6	90.9	20.0	5.4	52.4	7.5
Residential care facilities	74.1	77.3	8.2	2.4	53.8	3.2
Nursing and personal care facilities	76.4	71.6	11.0	3.3	46.0	0.7
Colleges, universities, professional or normal schools	75.7	91.0	49.0	6.6	63.4	6.6
Other institutional facilities	75.5	75.3	24.1	4.8	51.0	4.8

Merchant Profits Reach Record Low

Reported By Preliminary PAR Results

Preliminary results of the 1983 Performance Analysis Report (PAR) of 1982 merchant operations reveal that 1982 was a bad year for paper merchant profitability. Although final results were not available at press time, merchant profits seem to have declined on less profitable and shrinking sales. Industrial merchants were the hardest hit reflecting the severity of the 1982 recession on manufacturers, who are the largest customer group for industrial products.

Individual company PARs are now going out; further reports will follow in this publication. The following information is based on $6.2 Billion of printing and industrial paper sales.

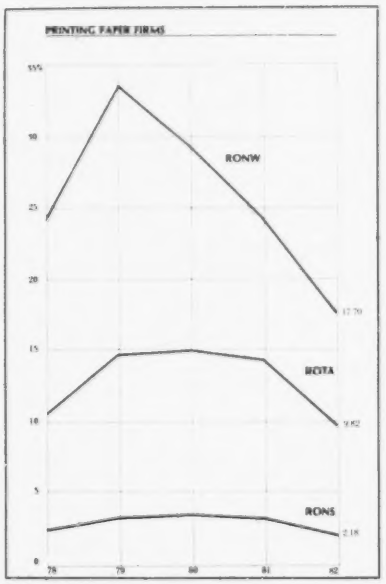


All Firms, 1982

For the "All Firms" group (combining the performances of all printing, industrial and dual PAR participants and representing the industry as a whole), Return On Net Worth (RONW) fell by 6.43 percentage points to 17.42%, while their Return On Total Assets (ROTA) fell by 4.59 points to 9.27%. The Return On Net Sales (RONS) fell by 0.99 points to 2.06%. These values are the lowest in the six year history of the PAR Survey.

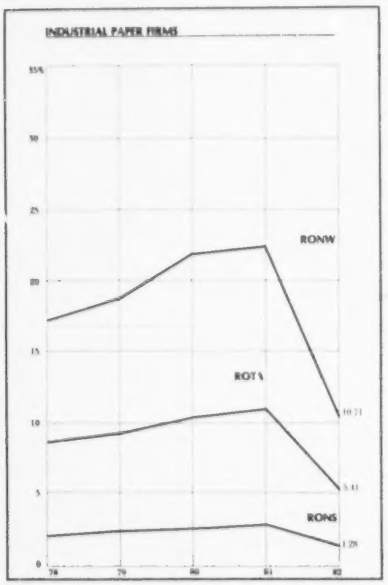
All Printing Firms, 1982

The "All Printing Paper" merchant firms' Return On Net Worth (RONW) fell by 6.60 percentage points to 17.70%, while their Return On Total Assets (ROTA) fell by 4.38 points to 9.82%. Their Return On Net Sales (RONS) fell by 0.93 point to 2.18%. These values are also the lowest in the PAR Survey's six year history.



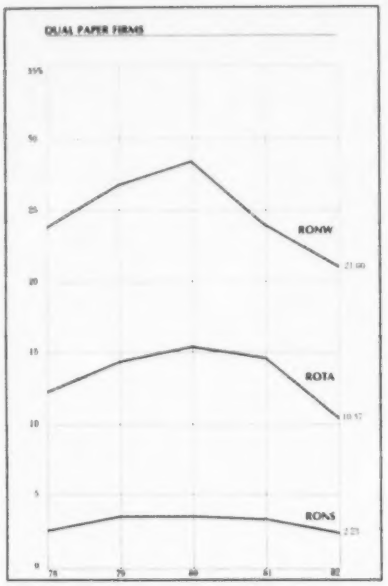
All Industrial Firms, 1982

The "All Industrial Paper" merchant firms' Return On Net Worth (RONW) dropped by 11.44 points to 10.71%, while their Return on Total Assets (ROTA) dropped by 5.53 points to 5.41%. Their Return On Net Sales (RONS) dropped by 1.35 points to 1.28%. These values decreased by more than half to six year lows.



All Dual Firms, 1982

The "All Dual Paper" merchant firms' Return On Net Worth (RONW) declined by 2.95 points to 21.0%, while their Return On Total Assets (ROTA) declined by 4.18 points to 10.37%. Their Return On Net Sales (RONS) declined by 0.90 points to 2.23%. These values were also record lows.



1983 Sales Performance

For the "All Firms" group, sales volume in dollars (unadjusted for inflation) rose in 1982 by 1.50% over 1981's volume, while urban consumer prices increased by 3.9% (see Table One). "All Printing Paper" firms' 1982 sales volume increased by 4.93%, while the printing paper price index changed by -1.86%. "All Industrial Paper" firms' sales increased by a scant 1.74%, while industrial paper prices increased by 0.61%. "All Dual" firms' sales volume changed by -3.13% over the year.

TABLE ONE
MAJOR MERCHANT GROUPS' SALES VOLUME CHANGES AND PRODUCER & CONSUMER PRICE INDEX CHANGES

(Each Annual Value Expressed As A Percent of Prior Year's Value)

SALES VOLUME CHANGES	1978	1979	1980	1981	1982
All Paper Merchant Firms (%)	14.44	17.07	9.74	8.71	1.50
All Printing Firms (%)	17.58	22.22	7.61	7.87	4.93
All Industrial Firms (%)	13.40	16.86	11.75	11.40	1.74
All Dual Firms (%)	13.03	14.16	11.54	8.78	-3.13
PRICE INDEX CHANGES[1]					
Printing PPI (%)[2]	10.02	11.87	7.08	11.24	-1.86
Industrial PPI (%)[3]	10.27	12.11	10.27	7.56	0.61
Urban CPI (%)[4]	9.64	13.50	12.40	8.90	3.90

INDEX SOURCE: Bureau of Labor Statistics, U.S. Department of Labor

[1]The calculated changes reflect December to December variations.
[2]The Printing PPI is the code group 091301, namely, Paper, except Newsprint. The code group 091301 includes printing paper, book paper, bond wrapping paper, sack paper, butcher's paper and wax paper.
[3]The Industrial PPI is the code group 0915, namely, Converted Paper and Paperboard Products. The code group 0915 includes sanitary papers & health products (tissues, towels & napkins), paper bags, shipping sacks, paper boxes and containers, tape, office supplies & accessories and composite cans.
[4]The Urban CPI is the Consumer Price Index for All Urban Consumers.

Merchant Profits Reach Record Low

Other Performance Measures

Table Two presents performance measures for the "All Firms" group.

Continuing a trend into its fifth year, warehouse sales increased in 1982 by 0.66 points to 53.59% of total sales. The average warehouse order size increased by less than an inflationary factor to $292. However, warehouse gross margins decreased by 0.68 points in 1982 to 23.06% of warehouse sales, which is the lowest value in the last five years.

Indirect sales performance characteristics were different. Indirect sales decreased slightly in 1982 to 6.38% of total sales. The average order size increased by a less than the inflationary factor to $596. The indirect gross margins increased slightly to 18.73% of indirect sales.

Continuing a trend, direct sales decreased in 1982 by 1.21 points to 40.23% of total sales, which is the lowest value in five years. The average direct order size dropped by 13%, or $433, to $2,984 ending a growth trend. Direct margins increased slightly to 8.12% of direct sales for the second lowest value in the last five years.

Net Sales Per Employee grew in 1982 to $284,870 continuing a trend; while Gross Profit Per Employee dropped slightly to $47,990 ending a growth trend.

Expense control performance measures increased in 1982 for the second consecutive year reaching their highest values in five years.

Asset management performance measures were varied. Inventory Turnover rose slightly in 1982 to 5.38X, while Days Receivables Outstanding increased by 0.8 days to 40.9 days ending three years of shortening collection periods. MN

TABLE TWO
SUMMARY PERFORMANCE MEASURES FOR ALL PAPER MERCHANT FIRMS

(Composite Averages)

SALES PERFORMANCE	1978	1979	1980	1981	1982
Sales Change Over Prior Year (%)	14.44	17.07	9.74	8.71	1.50
Warehouse Sales — % Total Sales (%)	49.29	50.46	52.41	52.73	53.39
Indirect Sales — % Total Sales (%)	6.90	5.85	5.56	6.57	6.38
Whse & Ind Sales — % Total Sales (%)	56.69	57.53	57.42	58.54	59.77
Direct Sales — % Total Sales (%)	43.31	42.47	42.63	41.44	40.23
Average Warehouse Order Size ($)	213	235	271	288	292
Average Indirect Order Size ($)	500	533	638	587	596
Average Whse & Ind Order Size ($)	215	244	281	294	301
Average Direct Order Size ($)	2,591	2,905	3,183	3,417	2,984
GROSS PROFIT MARGIN PERFORMANCE					
Warehouse Gross Margin — & Whse Sales (%)	23.38	24.12	24.09	23.74	23.06
Indirect Gross Margin — % Indirect Sales (%)	17.81	19.14	18.54	18.67	18.73
Whse & Ind Gross Margin — & Whse & Ind Sales (%)	22.99	23.46	23.86	23.43	22.80
Direct Gross Margin — % Direct Sales (%)	8.36	8.78	8.26	8.10	8.12
PERSONNEL PRODUCTIVITY PERFORMANCE					
Net Sales Per Employee ($000)	217.08	242.70	258.29	274.26	284.87
Gross Margin Per Employee ($000)	35.83	41.55	45.26	48.17	47.99
EXPENSE CONTROL PERFORMANCE					
Total Employee Compensation — % Gross Margin (%)	59.95	57.09	56.37	56.91	59.97
Sales Service & Sell Expense — % Gross Margin (%)	35.64	34.73	35.50	36.03	37.84
Non-People Expense — % Gross Margin (%)	—	—	25.39	26.50	28.35
Operating Expense — % Gross Margin (%)	84.46	82.09	81.71	83.34	88.88
ASSET MANAGEMENT PERFORMANCE					
Inventory Turnover (Whse Only: X)	5.59	5.78	5.23	5.33	5.38
Days Receivables Outstanding (Days)	42.50	42.40	40.30	40.10	40.90

How Bad Is Bad?

This preliminary report of PAR results stated that 1982 appeared to have been a bad year for merchant profits. Further examination of the six years of coverage under the PAR Survey revealed that 1982 was the worst in 6 years.

Looking back further in time is difficult because the survey preceding the PAR studied profitability differently. However, there is one profitability measure for which we have a decade's perspective; it is called Return On Capital Employed (ROCE).

After examining the ROCE graph, it appears that 1982 was the worst year in the last ten, with printing paper and dual paper firms approximating previous lows while industrial paper merchants reached a low value substantially below the decade's earlier low. MN

Chairman's Corner

WALTER MOORE
NPTA's Chairman of the Board

Disinflation

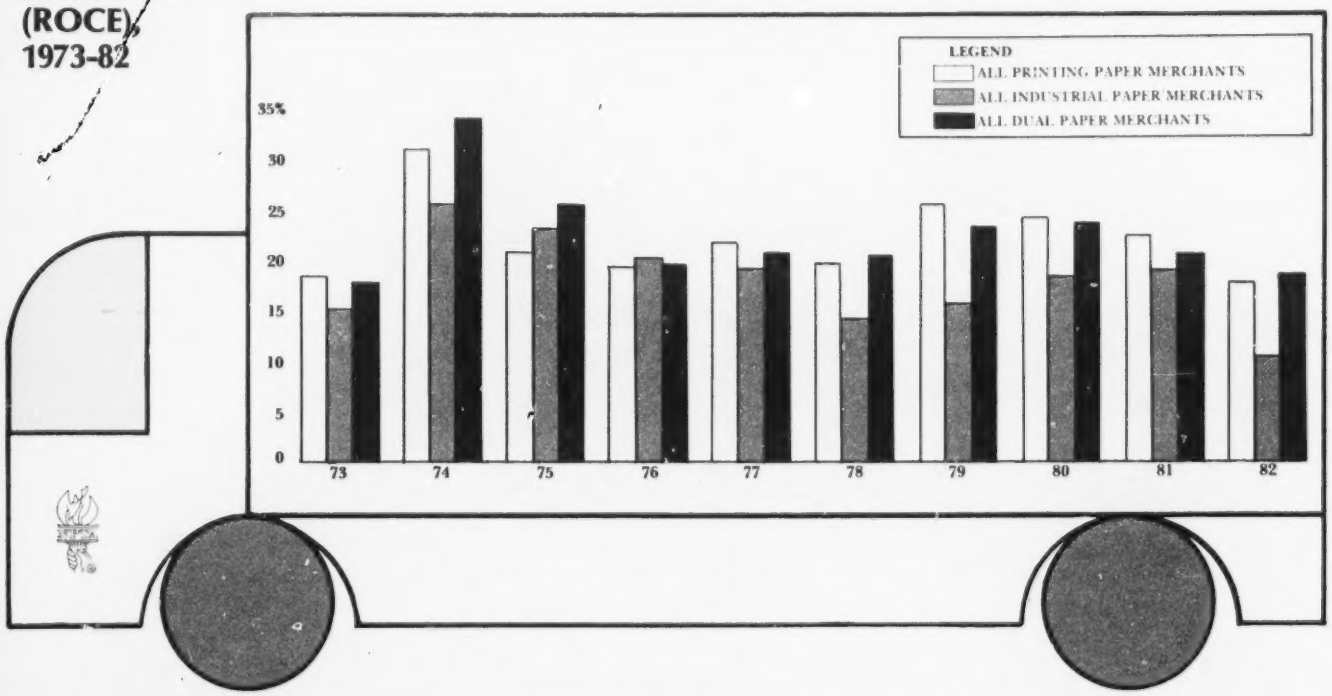
As private citizens, we are pleased with the respite in the inflation siege. As paper merchants, we are having difficulty showing a good return without the assistance of inflation. These times certainly force us all to re-examine the basics. I would like to review some of the basics under the formula, P + P = P. (People + Productivity = Profits).

In productivity, think of all the aspects—the profitability of an order, the added services you could contribute, the possibilities of regional warehousing, reorganizing warehouse layouts, balancing the daily work loads in warehouse delivery. Remember, your sales force generally spends less than 20% of its time in front of the customer. How can you increase their effectiveness? Is your sales force equipped with a hunting license, or do they have marketing programs? Profits will grow only by selling more at a better price, not from inflation these days. Service is even more of a factor. A paper wholesaler recently told me his motto was "We don't sell paper—we sell peace of mind."

It is always a good time to revamp within, develop a better organization. Less-than-desirable employees shouldn't be tolerated. You *can* develop enthusiasm and outstanding employees. Make use of professional training. Identify people that want to make a career. Pirating competitors' employees is not a long term solution.

The future is very bright for those who want to grasp the opportunity. The free ride of inflation is at least temporarily over and real growth is slim. The rewards, increasingly, will go to the paper merchant who can concentrate on people and productivity. NPTA is working to help you increase your ability to be a paper merchant of the future. This is the theme of our 1983 convention. It is my hope that there will be some convention sessions that you will want to put into practice. How are you doing without your partner, "Inflation"? MN

RETURN ON CAPITAL EMPLOYED (ROCE), 1973-82



DIMENSIONS IN TRAINING

How To Put $270,000 On The Bottom Line— At A Cost Of $50,000

By Terry Bernatis
Manager, Human Resources
Unijax, Inc.

A fair measure of the worth of training is the response generated by line managers: those people who have to do without their employees while they are gone from work for training. Any amount of time away from the job results in reduced productivity not only for those who are absent, but those who remain to take up the slack. Training time is expensive. And far too often the trainee returns to work "feeling good" about the training, but there is no change in behavior or skills; therefore, the goal to increase productivity via training is not met. There is no wonder about a manager's reluctance to sacrifice, let alone, support "training experiences."

But what about the response of a line manager who can quantify the results of training? If he knows beforehand what criteria are used to determine the effectiveness (i.e. increased productivity) and can establish standards by which to measure it, then he begins to have control over the decisions regarding training. The ultimate success of training is the response of the line manager who "gets something for his dollar."

Line managers must play an integral part. They are the ones who know what the needs are and usually have a fairly good idea of how to meet those needs. They represent a vast, untapped reservoir of knowledge and experience. Use it. We did and the results speak for themselves.

It was our executive and region line managers who, several years ago, determined the training needs and priorities at Unijax. First on the list was basic selling skills for our sales representatives. Using line managers with staff support as a task group, the group previewed several selling skills training programs ranging from very sophisticated to very basic programs. The group selected Xerox's PSSII because they were impressed by the program's applicability to wholesale paper selling, and the support of the NPTA in getting the program off the ground. It was felt PSSII could meet the needs for increased productivity.

These same line managers were the first to take the PSSII course. These people had had the opportunity to select and shape the form of the training and wanted to be part of its implementation. Therefore, PSSII implementation was "top down." The second group of attendees included sales supervisors and sales managers. Literally, a sales rep was not allowed to attend a seminar until his manager had been. Afterall, it was the line manager who had to determine the benefits and results of the training for his employees.

Additionally, we used selected line managers as trainers. These people brought with them credibility as successful managers which translated into credibility in selling skills training.

The results were measurable and translatable to the profitability of the Division. Although PSSII teaches specific selling skills (i.e. probing, closing, etc.); the logical by-product of more effectively used selling skills can be measured in terms of increased sales and gross profit dollars.

sales and gross profit dollars for the commissioned sales force only and excludes all house, bid and "other" generated business. In order to determine the return on our investment, we tracked thirty-nine sales representatives who had a history of a full year on commission before and a full year on commission after PSSII during the period to compare with Division performance. Using performance as a standard, those 39 PSSII attendees generated an additional $1,215,000 in sales and an additional $270,000 Gross Profits (G.P.) the first year after PSSII training.

A word about the cost of the program. By utilizing line managers as trainers who would benefit from more effective sales management of their sales force, and by utilizing the NPTA negotiated price of PSSII kits our total cost to train 165 employees was a little over $50,000 in a two year period. This included the cost of materials, facilities, travel, lodging and food.

Now, what do our line managers have to say about the program? The constant question is: "When is the next PSSII and do you have room for my employee?" A significant by-product of the program is also the managers who want to become trainers. There is no need to solicit attendees from skeptical, unresponsive managers who see no need for lost time and productivity during training.

PSSII Group Out Performed Other Group at 31% in Sales and 51% in Gross Profits

Comparison of Two Complete Operating Years	G.P.% Increase	Sales Increase
Division Actual Performance	12.1%	16.1%
39 PSSII Attendees -1 Year pre and post training	18.3%	21.1%
Division Performance if 39 performed at Division actual performance	11.4%	15.5%

Unijax Distribution Division includes both printing and industrial paper salesmen. Actual performance (see table above) compares full year

They know the results and benefits of the program, and willingly make that short term sacrifice for the long term gain.

PSS II On-Site

The National Paper Trade Association's Education and Training Department believes that a selling career can be a highly professional activity. Today's paper merchant salespeople are more crucial than ever before to their companies' profitability.

Sales managers tell NPTA that their sales forces are being placed under greater pressures to perform more effectively and productively. Most significantly, salespeople are gaining a higher profile within and outside their organizations.

This new emphasis on long-term supplier-client relationships has placed a premium on professional service, where the salesperson must act as a consultant—working with clients to diagnose and identify needs, to develop and implement solutions, and to monitor results. Competition and increased demand for better service has forced sales-managers to look at the techniques their salespeople are using with an eye toward maximizing these efforts.

NPTA's endorsed Professional Selling Skills (PSSII) program is built on the premise that successful selling does not just happen. It is created, planned for, and monitored. There is no reason why a paper merchant's salesforce should do less than a first-rate job. Sales success comes to those paper merchants who are armed with highly skilled salespeople. The PSS II program has been acclaimed by paper merchants across the country. James Johnson of Turnquist Paper Company in Minneapolis, MN reflects the views of many merchants when he states,

After evaluating sales training programs, PSS made the most sense because it contains all the important elements of professional selling techniques. I find I can effectively relate this program to our paper distribution business in a way that outside instructors fail to do, by better evaluating their talents and helping with their weaknesses.

By taking advantage of NPTA's in-house training programs, each and every one of a company's salespeople is armed with the necessary tools to become more professional and productive. An NPTA on-site program, for groups between six and ten, can be arranged at members' convenience, to meet specific needs and time schedules. Contact the NPTA Education and Training Department for more details, including a cost breakdown for the training session. MN

Calendar Of Events

July

13. Top Optimization For Paper Merchant Distribution
Bruce Merrifield's one day seminar for paper merchant management. Radisson Hotel, Bloomington, MN. Contact NPTA to register.

20. Profit Improvement Day
Dr. Ron Foster's one day workshop for paper merchant top managers. Hyatt Regency O'Hare, Chicago, IL. Contact NPTA to register.

August

1. New York Paper Merchants Association Golf Outing. Tam O'Shanter Golf and Country Club, Brookville, NY.

19-21. National Association of Quick Printers Seventh Annual Convention and Quick Print Expo. Hyatt Regency Hotel, Chicago, IL.

September

11-14. Canadian Paper Trade Association Annual Convention. Chateau Frontenac Hotel, Quebec City, Quebec, Canada.

11-14. Graph Expo sponsored by PIA and NAPL. McCormick Place, Chicago, IL.

11-15. INDA—Association of the Non Woven Fabrics Industry General Membership Meeting and Technical Symposium. Hilton Hotel, Baltimore, MD.

NPTA Conferences:

Trends In Paper Distribution Computerization

November 15-16, 1983, Houston, TX. Computerization of paper merchant operations is becoming a critical issue. Hardware selection, ways to improve efficiency, computer management, and trends will all be presented. The Conference will include an exhibit of hardware, software, audio visual presentations, case studies and open discussions.

Paper Merchant Human Resource Development

December 7-8, 1983, Atlanta GA. The effective utilization of all company employees is a major challenge of the 80s. The Conference will focus on: How to carry sales training into the job, the evaluation of training programs, effective management development, reducing turnover problems, effective personnel selection.

The Manager's Notebook

Your Ideas Are Valuable!

Each month, it is hoped, this page will include your management thoughts, ideas, concerns, and solutions to problems encountered on the job. Your experiences have value to others in the industry who may be facing similar circumstances.

Take a moment to jot down a short piece for "The Manager's Notebook" and send it to the Editor of "NPTA Management News." If we use your piece, we will print your name and company, and send you a bushel of extra copies to autograph for your friends.

Analyze Your Job Before Delegating

If you don't feel you are delegating as well as you should, states Harold Taylor in The Time Management Report, the place to start is with your own job. List all the jobs you perform on a regular basis in one column on a sheet of paper. Then estimate the amount of time you spend on each item and enter it in a second column. Next, question why you do the job yourself instead of delegating it. Be honest. This will reveal whether it's simply been a case of lack of time on your part, lack of confidence in your employees, or whether you actually like doing the job because of the recognition, satisfaction, prestige, etc. that it might bring you. Once you know why you have been reluctant to delegate, it is easier to overcome.

Next, ask yourself whether an employee can do the task with little or no training and record a "yes" or "no" next to each entry. If the answer is no, can someone be trained to do it. Record the response next to each item. Finally, determine who should be doing each task and jot down their names for each appropriate entry.

Summarize the jobs you want to assign to the various individuals, and the total approximate time it will take them. Once you know the total amount of time, you will have to determine how you are going to free up that time. It could be that they already have enough time available. But more likely you will have to eliminate, combine, or re-assign some of the jobs they are currently performing. The important thing is to make sure they are working on priorities, not trivial tasks

Why Most Dishonesty Is Not Reported

Many employees, including department heads, supervisors and executives may be aware of malpractices, but do nothing about it in order to avoid a distasteful situation. This is not to say that these executives are permissive or condone misdeeds. They simply shy away from a situation that may involve friends or associates—or they do not want to disturb the even tenor of their own departments. They are afraid of being found at fault themselves and criticized or they may be intimidated by fear of bodily harm or loss of job. As one recently interviewed middle-management man said, "I had no real choice—it was either go along or be fired."

Statements should be elicited from all who are involved, directly or indirectly, because the sum total of their information may sometimes be more significant in supporting a loss than a partial statement of one culprit who may or may not remember, or desire, to tell the whole truth.

The questioning session should be approached with a genuine regard for the plight of the suspect, and the interviewer must be able to impart his feeling of solicitude. It is better to conduct the interview while the person is still employed. You can thereby more readily reconstruct your loss.

How To Get Info From The Government

A particularly fruitful information source is found in the nation's capital. The federal government spends over $7 billion a year to collect and store information, much of which is publicly available. The only problem is knowing how to find it. Here are several ideas: (a) The Joint Economic Committee of Congress has a recorded message updating economic news highlights. The number is 202-224-3081; (b) The Government Printing Office is a prolific publisher of useful information. You can obtain, for free, more than 250 subject bibliographies of publications from the G.P.O. For details, call 202-783-3238; —"Inc. Insight"

PAPER MERCHANT SALES REPORT

May, 1983

	NPTA REGIONS	SALES PER SELLING DAY MAY 1983 "COMPARED TO" MAY 1982	SALES PER SELLING DAY MAY 1983 "COMPARED TO" APRIL 1983	SALES PER SELLING DAY 1983 YEAR-TO-DATE "COMPARED TO" 1982 YEAR-TO-DATE	DAYS OUTSTANDING (ACCOUNTS AND NOTES) AT CLOSE OF MAY 1982	DAYS OUTSTANDING (ACCOUNTS AND NOTES) AT CLOSE OF MAY 1983	CALENDAR DAYS' COST* OF ENDING APRIL INVENTORY 1982	CALENDAR DAYS' COST* OF ENDING APRIL INVENTORY 1983
INDUSTRIAL	1	+ 4.7%	+ 5.2%	+ 4.2%	44	39	55	57
	2	+ 0.2%	+ 1.9%	- 1.8%	35	34	44	51
	3	+ 5.4%	+11.6%	+ 4.0%	34	34	69	66
	4	+ 4.6%	+ 3.6%	+ 8.5%	35	34	54	51
	5	+ 2.6%	+ 7.7%	+ 1.1%	34	33	60	60
	6	+11.8%	+11.5%	+ 0.4%	38	40	52	54
	7	+ 5.1%	+ 2.9%	- 2.5%	36	35	51	60
	NY METRO	+17.4%	+12.5%	+10.5%	42	43	49	30
	CHICAGO METRO	+ 6.9%	- 1.5%	+ 1.4%	39	41	58	60
	LA METRO	+ 5.1%	+ 1.6%	+ 0.9%	42	43	57	57
	US	+ 5.5%	+ 6.0%	+ 2.9%	37	36	55	54
PRINTING	1	+14.5%	+ 5.2%	+10.3%	53	53	56	57
	2	+ 6.7%	- 7.7%	+ 3.1%	49	43	58	60
	3	+ 8.3%	+ 7.7%	+ 7.1%	45	44	82	82
	4	+11.5%	- 0.6%	+ 5.8%	42	41	72	69
	5	+13.7%	+ 1.4%	+ 6.0%	40	42	74	78
	6	+ 8.4%	+ 2.0%	+ 0.2%	40	42	54	58
	7	- 2.7%	+ 0.3%	- 1.3%	40	40	62	73
	NY METRO	+ 8.0%	- 3.4%	+ 2.7%	45	43	58	56
	CHICAGO METRO	+ 1.4%	+16.2%	+ 7.6%	44	44	58	61
	LA METRO	+14.5%	+ 2.1%	+ 9.2%	37	38	74	73
	US	+ 8.6%	- 0.6%	+ 4.9%	43	43	66	69

*TO CALCULATE MONTHLY INVENTORY TURNOVER, DIVIDE 365 CALENDAR DAYS BY # OF CALENDAR DAYS COST, EG, 365/73 = 5.00x.

Region 1 CT, ME, MA, NH, RI & VT
Region 2 DE, DC, MD, NJ, NY & PA (excluding NY Metro)
Region 3 AL, FL, GA, NC, SC; TN & VA
Region 4 IL, IN, KY, MI, MO, OH, WV & WI (excluding Chicago Metro)
Region 5 CO, IA, KS, MN, MT, NE, ND SD, WY
Region 6 AK, AZ, CA, HI, ID, NV, NM, OR, UT & WA (excluding LA Metro)
Region 7 AR, LA, MS, OK & TX

NY Metro: NY: New York City, Long Island and Westchester Co.
NJ: Counties of Bergen, Essex, Hudson, Middlesex, Passaic and Union

Chicago Metro: IL: City of Chicago and Cook, DuPage and Lake Cos.
IN: Lake Co.

LA Metro: Cities: Los Angeles, and San Diego
Counties: Los Angeles, San Diego, Orange and Ventura (and neighboring parts of Riverside and San Bernadino)

Selling Days

The actual number of days a firm was open for business or that the sales people made customer calls [calendar days less weekends (if applicable) and holidays]. By supplying selling days of each firm, the sales per selling day are standardized according to actual business conditions or company policies.

Days Outstanding

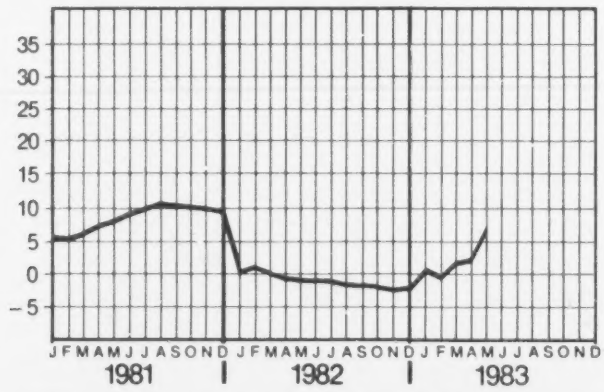
The number of days outstanding on this report are calculated by adding the current month's sales and the previous month's sales and dividing the total by the number of calendar days of the two months. The result is a figure representing average sales per calendar day.

The total figure provided for closing accounts and notes receivable is divided by the average sales per calendar day. The result is the number of days outstanding at the end of the month being prepared.

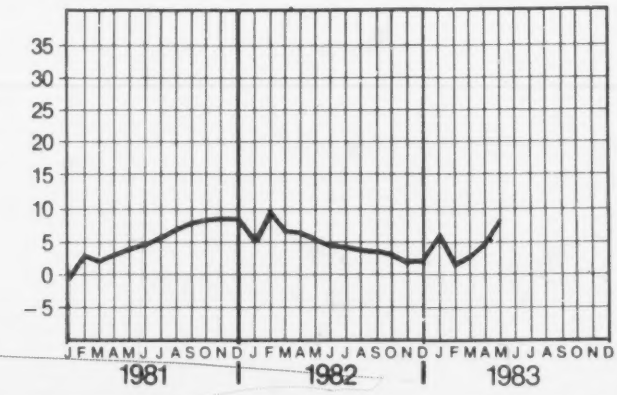
Paper Merchant Sales Report
Summary National Trend Information: 1981 to present

SALES INFORMATION: YEAR-TO-DATE SALES PER SELLING DAY AS A PERCENTAGE OF PREVIOUS YEAR'S YEAR-TO-DATE SALES PER SELLING DAY.

INDUSTRIAL PAPER SALES NATIONALLY

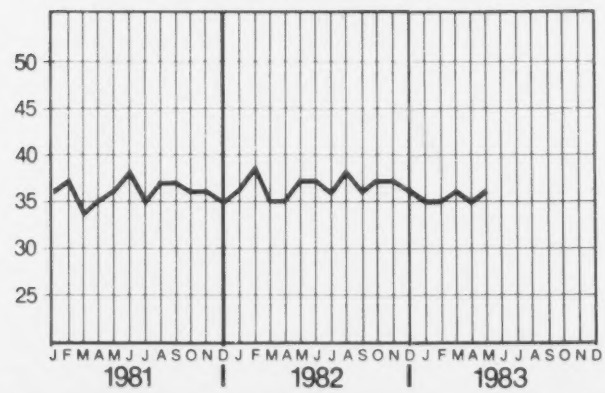


PRINTING PAPER SALES NATIONALLY

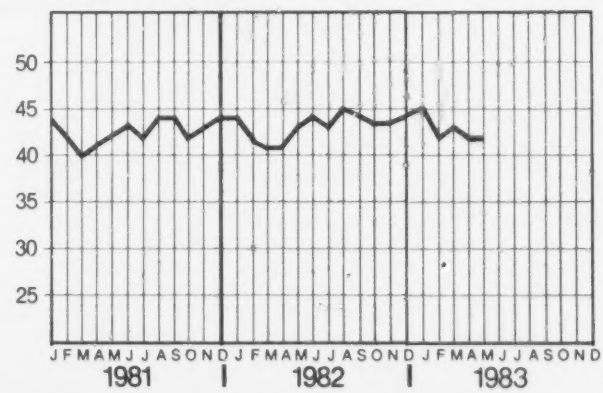


RECEIVABLES INFORMATION: DAYS OUTSTANDING FOR ACCOUNTS AND NOTES RECEIVABLE FROM PAPER SALES AT END OF EACH MONTH (IN CALENDAR DAYS)

INDUSTRIAL PAPER RECEIVABLES NATIONALLY

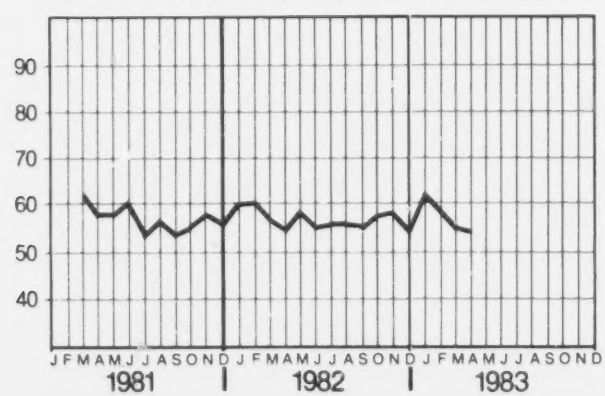


PRINTING PAPER RECEIVABLES NATIONALLY

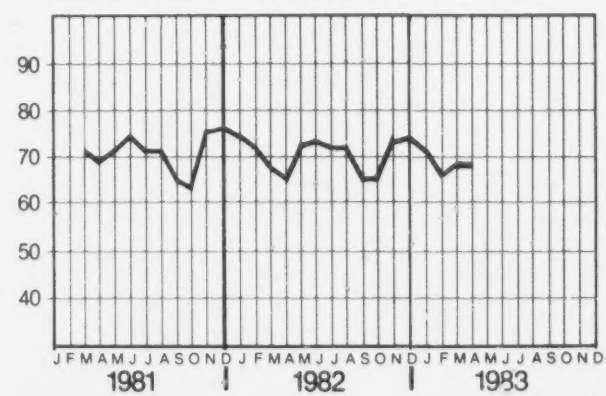


INVENTORY INFORMATION: CALENDAR DAYS COST OF ENDING MONTHLY INVENTORY (FIFO) (IN CALENDAR DAYS)

INDUSTRIAL PAPER INVENTORY NATIONALLY



PRINTING PAPER INVENTORY NATIONALLY



WASHINGTON WATCH

THE WORST LAW CONGRESS EVER PASSED — The Multiemployer Pension Plan

A Law Too Few Understand

Few legislative efforts are more complicated and tedious than multi-employer pensions. Current laws under the Employee Retirement Income Security Art (ERISA) are so complicated that few laymen can follow its twists and turns. The complexities create a particular problem in legislation because few members of Congress have even a basic understanding of pensions and few of those are eager to become involved in the legislation. NPTA, NAW, PIA and others have been focusing on the withdrawal liability problem under multiemployer plans because of the significant number of companies involved in such plans. Unfortunately, as few on the Hill understand the problems associated with multi-employer plans, employers get mixed signals on the issue. The following is a summary of withdrawal liability issues and why paper merchants involved in such plans should be concerned.

Withdrawal Liability

Withdrawal liability, although a feature of pension law since 1974, was made the rule rather than the exception in 1980 by Congress. Its expansion was based on the assumption that no one should be permitted to leave a pension plan without sharing the responsibilities of the cost of the plan and a "public policy" objective to keep employers in multiemployer plans. Congress changed the event triggering withdrawal from "plan termination" to withdrawal of an employer. Further, it expanded the definition of withdrawal of an employer to include such things as decrease in business, decertification or switch in unions, death of a company owner or major stockholder, the sale or transfer of assets of a company. Basically, companies involved in multiemployer plans could find withdrawal liability triggered when any significant change takes place in the company. At that point, a company may have to satisfy its liability. A few examples of what things can happen include the following:

- Republic Industries of Kansas City, Missouri closed one of its subsidiaries and was slapped with a $16.5 million withdrawal assessment, the first two months payment of which would equal the 1980 annual gross income of the firm.
- Keith Fulton & Sons, Inc., a small trucking firm in Cambridge, Massachusetts lost the land on which they were located to eminent domain proceedings. Unable to find suitable land at an affordable price, they liquidated. Two weeks before doing so, the new law became effective resulting in a withdrawal assessment of $468 thousand, or nearly 40 percent of the proceeds of the Fulton family's life work.

Because many paper companies are bought and sold, assets transferred or sold, and because of the large number of family owned businesses, employer withdrawal liability can be a major problem. If your company is unionized and involved in multi-employer plan, you should take the time to have your withdrawal liability determined.

Survey Results

The NAW Survey of 20 member associations constitute a universe of approximately 5,100 companies, of which 1,161 responded. Up to 25% may be impacted negatively by what one industry observer calls "the worst law Congress ever passed."

Total Response	1161
Yes - Union Now/Past	425=37%
No - Unions Never	738=63%
Yes - Multiemployer Plans Now/Past	292=25%

Survey of NPTA Member Firms

	Unions Now		Unions Past		Unions Never	
Companies	57	41.6%	1	.7%	79	57.6%
Companies With MEPP	35	25.5%	0	.0%		
Employees	10913	78.2%	43	.3%	2988	21.4%
Employees Covered	970	6.9%	0	.0%		
Avg. Contribution Per Employee	$1376.01			.00		

Specifically, a survey of NPTA member firms included 137 responses. These companies employ a total of 13,944 people:

Unfunded Liability

The table shows the results of the NPTA member survey, and reveals that 25.5% of firms responding contribute to multiemployer pension plans. This represents a substantial contingent liability. There is no information on NPTA members involved in direct withdrawal liability— those companies who are now under an obligation to pay for withdrawing from a multi-employer plan. If any member is currently involved in such an action, he is asked to contact NPTA. Such specific instances will help support a move to have the law changed. Stay tuned to NPTA for further developments on this important issue. MN

ASSOCIATION File

Inventory Materials Available From NPTA

Your Association is often asked for materials on inventory control and automation. NPTA has three books available on this subject at the Headquarters office.

Automated Inventory Management For The Distributor, by Gordon Graham is a 234 page hardcover book which deals with inventory systems. Whether your company is on a manual system or automated, this book can help. If you are considering automation, this book will give you a step-by-step process for converting: planning, layout, employee training, implementation, administration. If your system is automated, the information contained will help evaluate your system to be sure you are gaining the desired benefits. The book is $36.00 from NPTA Headquarters.

Wholesaler Inventory Control, by Robert Van DeMark, is a 372 page hardcover book which is packed with practical advice on how to maximize your inventory control techniques. Through information on planning, warehouse layout, stock location, and reducing pilferage, you will gain insight into how to improve your inventory operation. Also included is a guide to taking physical inventory in half the time used now. The book is $36.00 from NPTA Headquarters.

Paper Merchants Guide To Profitable Management: Management of Inventories, by the National Paper Trade Association, is a 44 page softcover book. It includes objectives, effect of inventory turnover, control by expansion, inventory surveillance, classification, forecasting, and warehouse planning. This guide is generously illustrated and is easy to use. Also it is indexed for quick reference. The book is $15.00 from NPTA Headquarters.

Young Executives Forum

By John Rountree
Carr Paper Company

My experiences with the Young Executive Forum has benefited me two ways. First, I have grown personally and professionally from the various programs offered at the YEF meetings over the past several NPTA conventions. Secondly, and most importantly, I have established many close relationships with the other young executives involved in paper distribution across the country. It is these personal relationships which on occasion has allowed me to call other young executives and hash over various problems and ideas to help me perform my job in a better manner.

The YEF Steering Committee recognizes the importance of personal contact and exchange of ideas on an informal basis. To promote more interaction and to welcome young executives to this year's national convention in New York City, we are scheduling a Friday night (September 23, 1983) pre-convention welcoming for all young executives. For first-time attendees, this is a great opportunity to meet other paper executives, and to become acquainted with the Young Executive Forum. For veteran YEF attendees, it will be an opportunity before the convention starts to meet new and old friends for a few hours of refreshment and relaxation. As convention time draws nearer, you'll be hearing more about this event.

Secondly, the YEF Steering Committee is currently working on plans for a resort seminar. Due to the fast pace and business commitments at the annual convention, little time is available for more than the current half-day YEF program. By combining a working seminar in a resort environment, it is felt that the two main benefits of YEF, professional development and social interaction, can both be achieved. At this year's YEF program in New York, we will further refine our plan with your help. So don't miss the YEF program, "Time Management and the Young Executive" to be presented by Dr. Merrill E. Douglass, Founder and Chairman of the Board of Time Management Center to be held on Sunday, September 25, 1983. MN

NPTA
MANAGEMENT NEWS
National Paper Trade Association, inc.
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